

## **Senate Bill No. 1187**

### **CHAPTER 613**

An act to amend Section 6817 of the Public Resources Code, relating to tide and submerged lands.

[Approved by Governor September 18, 1996. Filed  
with Secretary of State September 19, 1996.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

SB 1187, Maddy. Tidelands revenue: apportionment to counties and cities.

Under existing law, the Controller is required to annually, as of June 30, apportion to each city or county having specified tide and submerged land, 1% of the revenues paid to the state from oil and gas leases within the city or county, except that the total amount apportioned to each city or county in each year may not exceed \$100,000 per mile of ocean frontage within, and owned or operated as a park by, that city or county, available to the public free of charge for recreational purposes, and leased by the State Lands Commission. The amounts paid are required to be deposited in a special trust fund and expended for specified purposes.

This bill would require that, in addition to any of the above amounts payable to a city or county, 20% of the revenues paid to the state which are derived from the production of oil, gas, and other hydrocarbons from a state tideland lease, not to exceed a total of \$200,000,000, adjusted for inflation, over a 20-year period, be paid to the city or county within whose boundaries the lease is located if the oil, gas, or other hydrocarbons are extracted under specified circumstances.

*The people of the State of California do enact as follows:*

SECTION 1. It is not the intent of the Legislature in enacting this act to authorize any new development or affect any provision of the California Coastal Sanctuary Act of 1994 (Chapter 3.4 (commencing with Section 6240) of Part 1 of Division 6 of the Public Resources Code).

SEC. 2. Section 6817 of the Public Resources Code is amended to read:

6817. (a) The Controller shall annually as of June 30th of each calendar year apportion, for the fiscal year ending on that date, to each city or county having within its boundaries ungranted tide and submerged lands or other tide and submerged lands granted to it by the state in which the state has reserved the rights to the mineral

deposits contained therein, 1 percent of the revenues paid to the state under Article 4 (commencing with Section 6870) from those tide and submerged lands which are within the limits of the particular county or city, except that the total amount apportioned to each city or county in each year shall not exceed one hundred thousand dollars (\$100,000) per mile, or fraction of a mile, of ocean frontage within, and owned or operated as a park by, that city or county, and leased by the commission for the production of oil, gas, and other hydrocarbons, and only in those cases where the ocean frontage is available to the public free of charge for recreational purposes. However, that limitation on the amount which may be apportioned to each city or county in each year shall not apply to revenues from leases within the limits of the particular county or city which exceed the revenues paid to the state during the 1983–84 fiscal year. Any city which is fronted, in whole or in part, by a state oil and gas lease shall be qualified to receive an apportionment under this section based on the formula contained in this section. For purposes of this section, tide and submerged lands within the limits of a city shall not be deemed to be within the boundaries of a county except in the case of a city and county. The commission shall, at the time of remitting revenues to the State Treasury received under Article 4 (commencing with Section 6870), report to the Controller the total amount of the revenue paid from the tide and submerged lands to the state shown with respect to each city or county to which that amount is applicable. The apportionment for any given fiscal year shall be based upon the physical facts with respect to each city or county existing on June 30th of the next preceding fiscal year. The report of the commission and the apportionments of the Controller shall be final.

(b) In addition to any amounts payable to a city or county pursuant to subdivision (a), 20 percent of revenues paid to the state under Article 4 (commencing with Section 6870) which are derived from the production of oil, gas, and other hydrocarbons from a state tideland lease, not to exceed a total amount of two hundred million dollars (\$200,000,000), adjusted annually to reflect increases in the cost of living, as measured by the California Consumer Price Index, shall be paid to the city or county within whose boundaries the lease is located, for a period not to exceed 20 years from commencement of payment, if oil, gas, or other hydrocarbons are extracted under the lease under any of the following circumstances, except as provided in subdivision (c):

- (1) The lease was not under production at any time during 1994.
- (2) Although the lease was under production at some time during 1994, the lease is subject to a boundary adjustment pursuant to Section 6872.5.
- (3) Although the lease was under production in 1994, the lease has new production from a new drilling site constructed after January 1,



1996, including a new offshore platform, an existing offshore platform that has been substantially modified to achieve an increase in production, a subsea well completion, or an upland drilling site where the upland drilling site was constructed pursuant to a development plan approved by the commission after January 1, 1996.

(4) The extraction is from a production zone not under production prior to January 1, 1996.

(5) The extraction is from new wells drilled as a result of a development plan approved by the commission after January 1, 1996.

(c) Subdivision (b) does not apply to any of the following:

(1) Oil and gas development on tide and submerged lands that have been granted by the state to local government without a reservation of the minerals to the state.

(2) The Long Beach Unit operations, notwithstanding the inclusion in those operations of the Alamitos Beach Park Lands as Tract No. 2.

(3) Any upland location or tideflats. "Tideflats" are areas that are marshy, sandy, or muddy and nearly horizontal coastal flatlands that are alternatively covered and exposed as the tide rises and falls, or which are located within 100 feet inland of the mean high tide line of any beach or tideflat.

(4) Any upland drilling site unless the site requires the use of slant drilling technology to extract oil, gas, or other hydrocarbons.

(5) Leases that do not have either a local or state development plan submitted for consideration on or before than January 1, 2002.

(d) (1) The amounts paid to cities and counties shall be deposited in a special tide and submerged lands fund established by the cities or counties, to be held in trust and to be expended only for the promotion and accommodation of commerce, navigation, and fisheries, for the protection of the lands within the boundaries of the cities and counties, for the promotion, accommodation, establishment, improvement, operation, and maintenance of public recreational beaches and coastline for the benefit of all the people of the state, and for the mitigation of any adverse environmental impact caused by exploration for hydrocarbons on state tide and submerged lands within city or county boundaries or caused by production or transportation of hydrocarbons produced on these tide and submerged lands.

(2) The Legislature hereby finds and declares that the purposes specified in paragraph (1) constitute matters of statewide interest and that the expenditure of funds for those purposes will benefit all of the people of the state.

(e) This section shall be operative with respect to all revenues received in the State Treasury on and after October 1, 1963.

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